

This is in some small measure reflected in the table given below, which, in accordance with the procedure adopted in previous reports records the amounts that have been written off (as irrecoverable losses) through the operations of the Mortgagors' and Lessees' Rehabilitation Act, 1936, or otherwise, for the past year and since the Corporation commenced to function. Losses in respect of rehabilitation loans, to the extent that they are attributable to normal lending limits having been exceeded, are not a charge against the Corporation's reserves, but are recoverable from War Expenses Account. These losses are not included in the figures below, but are recorded separately in the section "Rehabilitation Agency General."

Losses Written Off in Respect of—	Amounts written off.	
	For Year ended 31st March, 1948.	Total from 1935 to 1948.
Loans approved prior to 1935—	£ s. d.	£ s. d.
Farms	25,080 18 0	2,311,310 11 11
Residential	5,676 15 9	515,852 19 3
	30,757 13 9	2,827,163 11 2
New Corporation loans since 1935—	£ s. d.	£ s. d.
Farm	38 1 2	5,866 19 1
Residential	385 16 3
	38 1 2	6,252 15 4

These figures might well be studied, because they do indicate an extremely low loss ratio in respect of loans granted since the Corporation was established. It would not be fair merely to contrast the figure of £6,252 15s. 4d. in respect of such loans with the very large sum of £2,827,163 11s. 2d. written off in respect of loans granted prior to 1935, because other factors intervene which did have the effect of increasing substantially the loss ratio in respect of such loans. There was the aftermath of the 1931-35 slump, the operation of the Mortgagors' and Lessees' Rehabilitation Act, 1936, and so on, but the Board is convinced that one of the reasons for the large disparity between the loss ratio in respect of loans granted in the two different periods lies in the fact that one of the first duties of the Board when it was appointed was the recruitment of a competent field staff to report on loan applications received and generally to act in a liaison capacity with clients. Evidence is not lacking that the substantial loss ratio in respect of loans granted prior to 1935 was due in a considerable measure to the fact that the then State Advances Office had to rely for its field reports on reporting officers with whom it had no direct contact whatever. In the report of the previous year comment was made on the duties and responsibilities of the field officers of the Corporation, and it is well that the comments made in that report should be read and studied in the light of financial trends evidenced in the foregoing table.

INTEREST RATE AND LOAN TERMS

The interest rate for loans granted to other than ex-servicemen has been maintained at 4½ per cent. This rate has been in force since the inception of the Corporation in 1935 and is competitive, fair to the borrower, and provides a barely sufficient margin to cover administration costs and tax requirements. Although preference is given to ex-servicemen in all the Corporation's lending activities, ample funds are available to meet the needs